

The following sections of the Health and Safety Code are amended to eliminate the California Healthcare Workforce Policy Commission as follows:

128205. As used in this article, and Article 2 (commencing with Section 128250), the following terms mean:

(a) "Family physician" means a primary care physician who is prepared to and renders continued comprehensive and preventative health care services to families and who has received specialized training in an approved family practice residency for three years after graduation from an accredited medical school.

(b) "Associated" and "affiliated" mean that relationship that exists by virtue of a formal written agreement between a hospital or other health care delivery system and an approved medical school which pertains to the family practice training program for which state contract funds are sought. This definition shall include agreements that may be entered into subsequent to October 2, 1973, as well as those relevant agreements that are in existence prior to October 2, 1973.

(c) ~~"Commission" means the California Healthcare Workforce Policy Commission.~~ "Office" means the Office of Statewide Health Planning and Development.

(d) "Programs that train primary care physician's assistants" means a program that has been approved for the training of primary care physician assistants pursuant to Section 3513 of the Business and Professions Code.

(e) "Programs that train primary care nurse practitioners" means a program that is operated by a California school of medicine or nursing, or that is authorized by the Regents of the University of California or by the Trustees of the California State University, or that is approved by the Board of Registered Nursing.

(f) "Programs that train registered nurses" means a program that is operated by a California school of nursing and approved by the Board of Registered Nursing, or that is authorized by the Regents of the University of California, the Trustees of the California State University, or the Board of Governors of the California Community Colleges, and that is approved by the Board of Registered Nursing.

128207. Any reference in any code to the Health Manpower Policy Commission ~~is deemed a reference~~ or to the California Healthcare Workforce Policy Commission is deemed a reference to the Office of Statewide Health Planning and Development.

~~128215. There is hereby created a California Healthcare Workforce Policy Commission. The commission shall be composed of 15 members who shall serve at the pleasure of their appointing authorities: (a) Nine members appointed by the Governor, as follows:~~

~~(1) One representative of the University of California medical schools, from a nominee or nominees submitted by the University of California.~~

~~(2) One representative of the private medical or osteopathic schools accredited in California from individuals nominated by each of these schools.~~

~~(3) One representative of practicing family physicians.~~

~~(4) One representative who is a practicing osteopathic physician or surgeon and who is board certified in either general or family practice.~~

~~(5) One representative of undergraduate medical students in a family practice program or residence in family practice training.~~

~~—(6) One representative of trainees in a primary care physician's assistant program or a practicing physician's assistant.~~

~~—(7) One representative of trainees in a primary care nurse practitioners program or a practicing nurse practitioner.~~

~~—(8) One representative of the Office of Statewide Health Planning and Development, from nominees submitted by the office director.~~

~~—(9) One representative of practicing registered nurses.~~

~~—(b) Two consumer representatives of the public who are not elected or appointed public officials, one appointed by the Speaker of the Assembly and one appointed by the Chairperson of the Senate Committee on Rules.~~

~~—(c) Two representatives of practicing registered nurses, one appointed by the Speaker of the Assembly and one appointed by the Chairperson of the Senate Committee on Rules.~~

~~—(d) Two representatives of students in a registered nurse training program, one appointed by the Speaker of the Assembly and one appointed by the Chairperson of the Senate Committee on Rules.~~

~~—(e) The Chief of the Health Professions Development Program in the Office of Statewide Health Planning and Development, or the chief's designee, shall serve as executive secretary for the commission.~~

~~128220. The members of the commission, other than state employees, shall receive compensation of twenty five dollars (\$25) for each day's attendance at a commission meeting, in addition to actual and necessary travel expenses incurred in the course of attendance at a commission meeting.~~

128224. The commission office shall identify specific areas of the state where unmet priority needs for dentists, physicians, and registered nurses exist.

128225. The commission office shall do all of the following:

(a) Identify specific areas of the state where unmet priority needs for primary care family physicians and registered nurses exist.

(b) Establish standards for family practice training programs and family practice residency programs, postgraduate osteopathic medical programs in family practice, and primary care physician assistants programs and programs that train primary care nurse practitioners, including appropriate provisions to encourage family physicians, osteopathic family physicians, primary care physician's assistants, and primary care nurse practitioners who receive training in accordance with this article and Article 2 (commencing with Section 128250) to provide needed services in areas of unmet need within the state. Standards for family practice residency programs shall provide that all the residency programs contracted for pursuant to this article and Article 2 (commencing with Section 128250) shall both meet the Residency Review Committee on Family Practice's "Essentials" for Residency Training in Family Practice and be approved by the Residency Review Committee on Family Practice. Standards for postgraduate osteopathic medical programs in family practice, as approved by the American Osteopathic Association Committee on Postdoctoral Training for interns and residents, shall be established to meet the requirements of this subdivision in order to ensure that those programs are comparable to the other programs specified in this subdivision. Every program shall include a component of training designed for medically underserved multicultural communities, lower socioeconomic neighborhoods, or

rural communities, and shall be organized to prepare program graduates for service in those neighborhoods and communities. Medical schools receiving funds under this article and Article 2 (commencing with Section 128250) shall have programs or departments that recognize family practice as a major independent specialty. Existence of a written agreement of affiliation or association between a hospital and an accredited medical school shall be regarded by the ~~commission~~ office as a favorable factor in considering ~~recommendations to the director for~~ allocation of funds appropriated to the state medical contract program established under this article and Article 2 (commencing with Section 128250).

For purposes of this subdivision, "family practice" includes the general practice of medicine by osteopathic physicians.

(c) Establish standards for registered nurse training programs. The ~~commission~~ office may accept those standards established by the Board of Registered Nursing.

(d) Review and make ~~recommendations to the Director of the Office of Statewide Health Planning and Development~~ determinations concerning the funding of family practice programs or departments and family practice residencies and programs for the training of primary care physician assistants and primary care nurse practitioners that are submitted to the Health Professions Development Program for participation in the contract program established by this article and Article 2 (commencing with Section 128250). If the ~~commission~~ office determines that a program proposal that has been approved for funding or that is the recipient of funds under this article and Article 2 (commencing with Section 128250) does not meet the standards established by the ~~commission~~ office, it shall submit to the ~~Director of the Office of Statewide Health Planning and Development~~ and the Legislature a report detailing its objections. The ~~commission~~ office may ~~request the Office of Statewide Health Planning and Development to~~ make advance allocations for program development costs from amounts appropriated for the purposes of this article and Article 2 (commencing with Section 128250).

(e) Review and make ~~recommendations to the Director of the Office of Statewide Health Planning and Development~~ determinations concerning the funding of registered nurse training programs that are submitted to the Health Professions Development Program for participation in the contract program established by this article. If the ~~commission~~ office determines that a program proposal that has been approved for funding or that is the recipient of funds under this article does not meet the standards established by the ~~commission~~ office, it shall submit to the ~~Director of the Office of Statewide Health Planning and Development~~ and the Legislature a report detailing its objections. The ~~commission~~ office may ~~request the Office of Statewide Health Planning and Development to~~ make advance allocations for program development costs from amounts appropriated for the purposes of this article.

(f) Establish contract criteria and single per-student and per-resident capitation formulas that shall determine the amounts to be transferred to institutions receiving contracts for the training of family practice students and residents and primary care physician's assistants and primary care nurse practitioners and registered nurses pursuant to this article and Article 2 (commencing with Section 128250), except as otherwise provided in subdivision (d). Institutions applying for or in receipt of contracts pursuant to this article and Article 2 (commencing with Section 128250) may appeal to the director for waiver of these single capitation formulas. The director may grant the waiver in exceptional cases upon a clear showing by the institution that a waiver is essential to the institution's ability to provide a program of a quality comparable to those provided by institutions that have not

received waivers, taking into account the public interest in program cost-effectiveness. Recipients of funds appropriated by this article and Article 2 (commencing with Section 128250) shall, as a minimum, maintain the level of expenditure for family practice or primary care physician's assistant or family care nurse practitioner training that was provided by the recipients during the 1973-74 fiscal year. Recipients of funds appropriated for registered nurse training pursuant to this article shall, as a minimum, maintain the level of expenditure for registered nurse training that was provided by recipients during the 2004-05 fiscal year. Funds appropriated under this article and Article 2 (commencing with Section 128250) shall be used to develop new programs or to expand existing programs, and shall not replace funds supporting current family practice or registered nurse training programs. Institutions applying for or in receipt of contracts pursuant to this article and Article 2 (commencing with Section 128250) may appeal to the director for waiver of this maintenance of effort provision. The director may grant the waiver if he or she determines that there is reasonable and proper cause to grant the waiver.

(g) Review and make ~~recommendations to the Director of the Office of Statewide Health Planning and Development~~ determinations concerning the funding of special programs that may be funded on other than a capitation rate basis. These special programs may include the development and funding of the training of primary health care teams of family practice residents or family physicians and primary care physician assistants or primary care nurse practitioners or registered nurses, undergraduate medical education programs in family practice, and programs that link training programs and medically underserved communities in California that appear likely to result in the location and retention of training program graduates in those communities. These special programs also may include the development phase of new family practice residency, primary care physician assistant programs, primary care nurse practitioner programs, or registered nurse programs.

The ~~commission~~ office shall establish standards and contract criteria for special programs recommended under this subdivision.

(h) Review and evaluate these programs regarding compliance with this article and Article 2 (commencing with Section 128250). One standard for evaluation shall be the number of recipients who, after completing the program, actually go on to serve in areas of unmet priority for primary care family physicians in California or registered nurses who go on to serve in areas of unmet priority for registered nurses.

(i) Review and make ~~recommendations to the Director of the Office of Statewide Health Planning and Development~~ determinations on the awarding of funds for the purpose of making loan assumption payments for medical students who contractually agree to enter a primary care specialty and practice primary care medicine for a minimum of three consecutive years following completion of a primary care residency training program pursuant to Article 2 (commencing with Section 128250).

128230. When making ~~recommendations to the Director of the Office of Statewide Health Planning and Development~~ determinations concerning the funding of family practice programs or departments, family practice residencies, and programs for the training of primary care physician assistants, primary care nurse practitioners, or registered nurses, the ~~commission~~ office shall give priority to programs that have demonstrated success in the following areas:

(a) Actual placement of individuals in medically underserved areas.

(b) Success in attracting and admitting members of minority groups to the program.

(c) Success in attracting and admitting individuals who were former residents of medically underserved areas.

(d) Location of the program in a medically underserved area.

(e) The degree to which the program has agreed to accept individuals with an obligation to repay loans awarded pursuant to the Health Professions Education Fund.

128235. Pursuant to this article and Article 2 (commencing with Section 128250), the Director of the Office of ~~Statewide Health Planning and Development~~ shall do all of the following:

(a) Determine whether family practice, primary care physician assistant training program proposals, primary care nurse practitioner training program proposals, and registered nurse training program proposals submitted to the ~~California Healthcare Workforce Policy Commission~~ office for participation in the state medical contract program established by this article and Article 2 (commencing with Section 128250) meet the standards established by the ~~commission~~ office.

(b) Select and contract on behalf of the state with accredited medical schools, programs that train primary care physician assistants, programs that train primary care nurse practitioners, hospitals, and other health care delivery systems for the purpose of training undergraduate medical students and residents in the specialty of family practice. Contracts shall be awarded to those institutions that best demonstrate the ability to provide quality education and training and to retain students and residents in specific areas of California where there is a recognized unmet priority need for primary care family physicians. Contracts shall be based upon the ~~recommendations~~ determinations of the ~~commission~~ office and in conformity with the contract criteria and program standards established by the ~~commission~~ office.

(c) Select and contract on behalf of the state with programs that train registered nurses. Contracts shall be awarded to those institutions that best demonstrate the ability to provide quality education and training and to retain students and residents in specific areas of California where there is a recognized unmet priority need for registered nurses. Contracts shall be based upon the ~~recommendations~~ determinations of the ~~commission~~ office and in conformity with the contract criteria and program standards established by the ~~commission~~ office.

(d) Terminate, upon 30 days' written notice, the contract of any institution whose program does not meet the standards established by the ~~commission~~ office or that otherwise does not maintain proper compliance with this part, except as otherwise provided in contracts entered into by the director pursuant to this article and Article 2 (commencing with Section 128250).

128240. The Director of the ~~Office of Statewide Health Planning and Development~~ shall adopt, amend, or repeal regulations as necessary to enforce this article and Article 2 (commencing with Section 128250), which shall include criteria that training programs must meet in order to qualify for waivers of single capitation formulas or maintenance of effort requirements authorized by Section 128250. Regulations for the administration of this chapter shall be adopted, amended, or repealed as provided in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

128240.1. The ~~department~~ office shall adopt emergency regulations, as necessary to implement the changes made to this article by the act that added this section during the first year of the 2005-06 Regular Session, no later than September 30, 2005, unless notification of a delay is made to the Chair of the Joint Legislative Budget Committee prior to that date. The adoption of regulations implementing the applicable provisions of this act shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health, safety, or general welfare. The emergency regulations authorized by this section shall be submitted to the Office of Administrative Law for filing with the Secretary of State and shall remain in effect for no more than 180 days, by which time the final regulations shall be developed.

128241. The ~~Office of Statewide Health Planning and Development~~ shall develop alternative strategies to provide long-term stability and non-General Fund support for programs established pursuant to this article. The office shall report on these strategies to the legislative budget committees by February 1, 2005.

128260. As used in this article, unless the context otherwise requires, the following definitions shall apply:

(a) ~~"Commission" means the California Healthcare Workforce Policy Commission~~ "Office" means the Office of Statewide Health Planning and Development.

(b) "Director" means the Director of Statewide Health Planning and Development.

(c) "Medically underserved designated shortage area" means any of the following:

(1) An area designated by the ~~commission~~ office as a critical health workforce shortage area.

(2) A medically underserved area, as designated by the United States Department of Health and Human Services.

(3) A critical workforce shortage area, as defined by the United States Department of Health and Human Services.

(d) "Primary care physician" means a physician who has the responsibility for providing initial and primary care to patients, for maintaining the continuity of patient care, and for initiating referral for care by other specialists. A primary care physician shall be a board-certified or board-eligible general internist, general pediatrician, general obstetrician-gynecologist, or family physician.

128265. (a) The ~~commission~~ office may provide assistance for the repayment of any student loan for medical education received by a medical student in an institution of higher education in California. The director, ~~with the advice and upon the recommendation of the commission,~~ shall make loan assumption payments using the criteria developed pursuant to this section and Sections 128270 and 128275 any other criteria developed by the ~~commission~~ office that are consistent with this section and Sections 128270 and 128275. The ~~commission~~ office may not provide loan assumption assistance for a loan that is in default at the time of the application.

(b) The ~~Office of Statewide Health Planning and Development, in consultation with the commission,~~ may adopt, by regulation, rules and

procedures necessary to administer the loan assumption program established pursuant to this section and Sections 128270 and 128275.

128275. (a) Each recipient of loan assumption assistance shall enter into a written contract with the commission office, which ~~shall be considered is~~ a contract with the State of California. In executing contracts, the commission office shall give priority to those applicants who agree to provide primary care services for a minimum of three years in a medically underserved designated shortage area.

(b) The contract shall include all of the following terms and conditions:

(1) An unlicensed applicant shall apply for a license to practice medicine in California at the earliest practicable opportunity.

(2) Within six months after licensure and the completion of all requirements for the primary care specialty, the applicant shall engage in the practice of primary care medicine.

(3) The recipient shall agree to provide three consecutive years of service as a primary care physician in a medically underserved designated shortage area, or five consecutive years of service in an area not designated by the commission office or the United States Department of Health and Human Services as a medically underserved area in order to receive loan assumption assistance made on his or her behalf directly to the lending institution. Loan assumption assistance shall be provided only for the principal amount of the recipient's loan. If any recipient takes pregnancy or paternity leave or suffers temporary disability, the recipient shall perform an amount of service equal to the amount of service lost because of the pregnancy or paternity leave or temporary disability. Performance of that service by the recipient shall commence immediately upon his or her return to work following the leave or disability. Under a three-year term of service, 20 percent of the total grant shall be provided on behalf of the recipient upon completion of the first year of service; 30 percent shall be provided on behalf of the recipient upon completion of the second year of service; and 50 percent shall be provided to the recipient or to the lending institution on behalf of the recipient upon completion of three years of service as a primary care physician if the recipient received medical student loan deferment. If a recipient agrees to provide five years of service pursuant to this paragraph, 20 percent of the total grant shall be provided on behalf of the recipient upon completion of the first year of service; 10 percent shall be provided upon completion of the second year of service; 10 percent shall be provided upon completion of the third year of service; 10 percent shall be provided upon completion of the fourth year of service; and 50 percent shall be provided to the recipient or to the lending institution on behalf of the recipient upon completion of five years of service as a primary care physician if the recipient received medical student loan deferment.

(4) The physician shall treat patients in the area who are eligible for medicaid, Medicare, Medi-Cal, and county reimbursement for low-income and medically indigent adults in addition to fee-for-service patients and shall develop a sliding fee scale for low-income patients.

(5) Those applicants who agree to practice in underserved areas shall practice full time in the medically underserved designated shortage area.

(6) The physician shall permit the commission office to monitor his or her practice to determine compliance with the terms of the contract.

(7) The ~~commission~~ office shall ~~certify~~ verify compliance with the terms of the contract for purposes of receipt by the physician of the loan assumption assistance for years subsequent to the initial year of loan assumption assistance.

(8) If the recipient dies or becomes totally or permanently disabled, the ~~commission~~ office shall nullify the service obligation of the recipient and ~~the commission~~ shall repay the student loan in full.

(9) If the recipient is convicted of a felony or misdemeanor involving moral turpitude, commits an act of gross negligence in the performance of service obligations, or his or her license to practice is revoked or suspended by the appropriate licensing board, the ~~commission~~ office may demand repayment of any funds expended as loan assumption assistance on behalf of the physician.

(10) Any recipient of loan assumption assistance who fails to fulfill the obligations for which he or she contracted shall pay to the ~~commission~~ office the full amount received plus interest from the date of the original contract at the rate of 2 percent above the prime rate at the time of the breach. The director may recover all costs and attorney fees incurred as a result of collecting payments resulting from the breach.

(11) The loan assumption program provided by this section shall apply only to government loans, or those loans insured or made available by federal or state government.

(12) Not more than 10 percent of the funds obtained from alternative sources, as specified in Section 128290, may be used to cover the administrative costs incurred by the ~~Office of Statewide Health Planning and Development~~ to implement the loan assumption program.

128290. (a) This article shall only be implemented if private funds are made available from private sources for all program and administrative costs related to the implementation of this article.

(b) No state funds shall be used to implement this article.

(c) This article shall become operative only upon certification by the Director of the ~~Office of Statewide Health Planning and Development~~ that sufficient private funds have been made available from private sources to implement this article.

128330. As used in this article:

(a) "Board" means the Board of Trustees of the Health Professions Education Foundation.

(b) ~~"Commission" means the California Healthcare Workforce Policy Commission.~~

~~(c) "Director" means the Director of the Office of Statewide Health Planning and Development.~~

(~~d~~) "Foundation" means the Health Professions Education Foundation.

(~~e~~) "Health professions" or "health professionals" means physicians and surgeons licensed pursuant to Chapter 5 (commencing with Section 2000) of Division 2 of the Business and Professions Code or pursuant to the Osteopathic Act, dentists, registered nurses, and other health professionals determined by the office to be needed in medically underserved areas.

(~~f~~) "Office" means the Office of Statewide Health Planning and Development.

(~~g~~) "Underrepresented groups" means African-Americans, Native Americans, Hispanic-Americans, or other persons underrepresented in medicine, dentistry, nursing, or other health professions as determined by the board. After January 1, 1990, the board, upon a finding that the action is necessary to meet the health care needs of medically underserved areas, may add a group comprising the economically disadvantaged to those groups authorized to receive assistance under this article.

128335. (a) The office shall establish a nonprofit public benefit corporation, to be known as the Health Professions Education Foundation, that shall be governed by a board consisting of a total of 13 members, nine members appointed by the Governor, one member appointed by the Speaker of the Assembly, one member appointed by the Senate Committee on Rules, and two members of the Medical Board of California appointed by the Medical Board of California. The members of the foundation board appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules may include representatives of minority groups that are underrepresented in the health professions, persons employed as health professionals, and other appropriate members of health or related professions. All persons considered for appointment shall have an interest in health programs, an interest in health educational opportunities for underrepresented groups, and the ability and desire to solicit funds for the purposes of this article as determined by the appointing power. ~~The chairperson of the commission~~ deputy director of the Health Workforce Development Division of the office shall also be a nonvoting, ex officio member of the board.

(b) The Governor shall appoint the president of the board of trustees from among those members appointed by the Governor, the Speaker of the Assembly, the Senate Committee on Rules, and the Medical Board of California.

(c) The director, after consultation with the president of the board, may appoint a council of advisers comprised of up to nine members. The council shall advise the director and the board on technical matters and programmatic issues related to the Health Professions Education Foundation Program.

(d) Members of the board and members of the council shall serve without compensation but shall be reimbursed for any actual and necessary expenses incurred in connection with their duties as members of the board or the council. Members appointed by the Medical Board of California shall serve without compensation, but shall be reimbursed by the Medical Board of California for any actual and necessary expenses incurred in connection with their duties as members of the foundation board.

(e) Notwithstanding any provision of law relating to incompatible activities, no member of the foundation board shall be considered to be engaged in activities inconsistent and incompatible with his or her duties solely as a result of membership on the Medical Board of California.

(f) The foundation shall be subject to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 2 of the Corporations Code), except that if there is a conflict with this article and the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 2 of the Corporations Code), this article shall prevail.

(g) This section shall remain in effect only until January 1, 2016, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2016, deletes or extends that date.

128335. (a) The office shall establish a nonprofit public benefit corporation, to be known as the Health Professions Education Foundation, that shall be governed by a board consisting of nine members appointed by the Governor, one member appointed by the Speaker of the Assembly, and one member appointed by the Senate Committee on Rules. The members of the foundation board appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules may include representatives of minority groups which are underrepresented in the health professions, persons employed as health professionals, and other appropriate members of health or related

professions. All persons considered for appointment shall have an interest in health programs, an interest in health educational opportunities for underrepresented groups, and the ability and desire to solicit funds for the purposes of this article as determined by the appointing power. The ~~Chairperson of the commission~~ deputy director of the Health Workforce Development Division of the office shall also be a nonvoting, ex officio member of the board.

(b) The Governor shall appoint the president of the board of trustees from among those members appointed by the Governor, the Speaker of the Assembly, and the Senate Committee on Rules.

(c) The director, after consultation with the president of the board, may appoint a council of advisers comprised of up to nine members. The council shall advise the director and the board on technical matters and programmatic issues related to the Health Professions Education Foundation Program.

(d) Members of the board and members of the council shall serve without compensation but shall be reimbursed for any actual and necessary expenses incurred in connection with their duties as members of the board or the council.

(e) The foundation shall be subject to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 2 of the Corporations Code), except that if there is a conflict with this article and the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 2 of the Corporations Code), this article shall prevail.

(f) This section shall become operative January 1, 2016.

128345. The Health Professions Education Foundation may do any of the following:

(a) Solicit and receive funds from business, industry, foundations, and other private or public sources for the purpose of providing financial assistance in the form of scholarships or loans to African-American students, Native American students, Hispanic-American students, and other students from underrepresented groups. These funds shall be expended by the office after transfer to the Health Professions Education Fund, created pursuant to Section 128355.

(b) Recommend to the director the disbursement of private sector moneys deposited in the Health Professions Education Fund to students from underrepresented groups accepted to or enrolled in schools of medicine, dentistry, nursing, or other health professions in the form of loans or scholarships.

(c) Recommend to the director a standard contractual agreement to be signed by the director and any participating student, that would require a period of obligated professional service in the areas in California designated by the ~~commission~~ office as deficient in primary care services. The agreement shall include a clause entitling the state to recover the funds awarded plus the maximum allowable interest for failure to begin or complete the service obligation.

(d) Develop criteria for evaluating the likelihood that applicants for scholarships or loans would remain to practice their profession in designated areas deficient in primary care services.

(e) Develop application forms, which shall be disseminated to students from underrepresented groups interested in applying for scholarships or loans.

(f) Encourage private sector institutions, including hospitals, community clinics, and other health agencies to identify and provide educational experiences to students from underrepresented groups who are potential applicants to schools of medicine, dentistry, nursing, or other health professions.

(g) Prepare and submit an annual report to the office documenting the amount of money solicited from the private sector, the number of scholarships and loans awarded, the enrollment levels of students from underrepresented groups in schools of medicine, dentistry, nursing, and other health professions, and the projected need for scholarships and loans in the future.

(h) Recommend to the director that a portion of the funds solicited from the private sector be used for the administrative requirements of the foundation.

(i) Implement the Steven M. Thompson Physician Corps Loan Repayment Program and the Volunteer Physician Program, as provided under Article 5 (commencing with Section 128550).

128350. The office shall do all of the following:

(a) Provide technical and staff support to the foundation in meeting all of its responsibilities.

(b) Provide financial management for the Health Professions Education Fund.

(c) Enter into contractual agreements with students from underrepresented groups for the disbursement of scholarships or loans in return for the commitment of these students to practice their profession in an area in California designated as deficient in primary care services.

(d) Disseminate information regarding the areas in the state that are deficient in primary care services to potential applicants for the scholarships or loans.

(e) Monitor the practice locations of the recipients of the scholarships or loans.

(f) Recover funds, in accordance with the terms of the contractual agreements, from recipients of scholarships or loans who fail to begin or complete their obligated service. Funds so recovered shall be redeposited in the Health Professions Education Fund.

(g) Contract with the institutions that train family practice residents, in order to increase the participation of students from underrepresented groups in entering the specialty of family practice. The director may seek the recommendations of the ~~commission~~ technical experts or the foundation as to what programs best demonstrate the ability to meet this objective.

(h) Contract with training institutions that are involved in osteopathic postgraduate training in general or family practice medicine, in order to increase the participation of students from underrepresented groups participating in the practice of osteopathic medicine. The director may seek the recommendations of the ~~commission~~ technical experts or the foundation as to what programs have demonstrated the ability to meet this objective.

(i) Enter into contractual agreements with graduated health professionals to repay some or all of the debts they incurred in health professional schools in return for practicing their professions in an area in California designated as deficient in primary care services.

(j) Contract with institutions that award baccalaureate of science degrees in nursing in order to increase the participation of students from underrepresented groups in the nursing profession. The director may seek the recommendations of the ~~commission~~ technical experts or the foundation as to what programs have demonstrated the ability to meet this objective.

128385. (a) There is hereby created the Registered Nurse Education Program within the Health Professions Education Foundation. Persons participating in this program shall be persons who agree in writing prior to graduation to serve in an eligible county health facility, an eligible state-operated health facility, a health workforce shortage area, or a California nursing school, as designated by the director of the office. Persons agreeing to serve in eligible county health facilities, eligible state-operated health facilities, or health workforce shortage areas, and master's or doctoral students agreeing to serve in a California nursing school may apply for scholarship or loan repayment. The Registered Nurse Education Program shall be administered in accordance with Article 1 (commencing with Section 128330), except that all funds in the Registered Nurse Education Fund shall be used only for the purpose of promoting the education of registered nurses and related administrative costs. The Health Professions Education Foundation shall make recommendations to the director of the office concerning both of the following:

(1) A standard contractual agreement to be signed by the director and any student who has received an award to work in an eligible county health facility, an eligible state-operated health facility, or in a health workforce shortage area that would require a period of obligated professional service in the areas of California designated by the ~~California Healthcare Workforce Policy Commission~~ office as deficient in primary care services. The obligated professional service shall be in direct patient care. The agreement shall include a clause entitling the state to recover the funds awarded plus the maximum allowable interest for failure to begin or complete the service obligation.

(2) Maximum allowable amounts for scholarships, educational loans, and loan repayment programs in order to assure the most effective use of these funds.

(b) Applicants may be persons licensed as registered nurses, graduates of associate degree nursing programs prior to entering a program granting a baccalaureate of science degree in nursing, or students entering an entry-level master's degree program in registered nursing or other registered nurse master's or doctoral degree program approved by the Board of Registered Nursing. Priority shall be given to applicants who hold associate degrees in nursing.

(c) Registered nurses and students shall commit to teaching nursing in a California nursing school for five years in order to receive a scholarship or loan repayment for a master's or doctoral degree program.

(d) Not more than 5 percent of the funds available under the Registered Nurse Education Program shall be available for a pilot project designed to test whether it is possible to encourage articulation from associate degree nursing programs to baccalaureate of science degree nursing programs. Persons who otherwise meet the standards of subdivision (a) shall be eligible for educational loans when they are enrolled in associate degree nursing programs. If these persons complete a baccalaureate of science degree nursing program in California within five years of obtaining an associate degree in nursing and meet the standards of this article, these loans shall be completely forgiven.

(e) As used in this section, "eligible county health facility" means a county health facility that has been determined by the office to have a nursing vacancy rate greater than noncounty health facilities located in the same health facility planning area.

(f) As used in this section, "eligible state-operated health facility" means a state-operated health facility that has been determined by the office to have a nursing vacancy rate greater than noncounty health facilities located in the same health facility planning area.

128485. There is hereby created the Vocational Nurse Education Program within the Health Professions Education Foundation. Persons participating in this program shall be persons who agree in writing prior to completion of vocational nursing school to serve in an eligible county health facility, an eligible state-operated health facility, or a health workforce shortage area, as designated by the director of the office. Persons agreeing to serve in eligible county health facilities, eligible state-operated health facilities, or health workforce shortage areas may apply for scholarship or loan repayment. The Vocational Nurse Education Program shall be administered in accordance with Article 1 (commencing with Section 128330), except that all funds in the Vocational Nurse Education Fund shall be used only for the purpose of promoting the education of vocational nurses and related administrative costs. The Health Professions Education Foundation shall make recommendations to the director of the office concerning both of the following:

(a) A standard contractual agreement to be signed by the director and any student who has received an award to work in an eligible county health facility, an eligible state-operated health facility, or in a health workforce shortage area that would require a period of obligated professional service in the areas of California designated by the ~~Health Workforce Policy Commission~~ office as deficient in primary care services. The obligated professional service shall be in direct patient care. The agreement shall include a clause entitling the state to recover the funds awarded plus the maximum allowable interest for failure to begin or complete the service obligation.

(b) Maximum allowable amounts for scholarships, educational loans, and loan repayment programs in order to assure the most effective use of these funds.

(c) A person who qualifies for admission to a vocational nursing program that is accredited by the board of Vocational Nursing and Psychiatric Technicians may apply for funding under the Vocational Nurse Education Program by establishing a contractual agreement in accordance with subdivision (a).

(d) A person who holds a current valid license as a vocational nurse who wishes to seek an associate of science degree in nursing from an accredited college may apply for funding under the Vocational Nurse Education Program by establishing a contractual agreement in accordance with subdivision (a) unless the person is able to qualify under subdivision (a) of Section 128385 under the Registered Nurse Education Program.

128552. For purposes of this article, the following definitions shall apply:

(a) "Account" means the Medically Underserved Account for Physicians established within the Health Professions Education Fund pursuant to this article.

(b) "Foundation" means the Health Professions Education Foundation.

(c) "Fund" means the Health Professions Education Fund.

(d) "Medi-Cal threshold languages" means primary languages spoken by limited-English-proficient (LEP) population groups meeting a numeric threshold of 3,000, eligible LEP Medi-Cal beneficiaries residing in a county, 1,000 Medi-Cal eligible LEP beneficiaries residing in a single ZIP Code, or 1,500 LEP Medi-Cal beneficiaries residing in two contiguous ZIP Codes.

(e) "Medically underserved area" means an area defined as a health professional shortage area in Part 5 of Subchapter A of Chapter 1 of Title 42 of the Code of Federal Regulations or an area of the state where unmet priority needs for physicians exist as determined by the ~~California Healthcare Workforce Policy Commission~~ office pursuant to Section 128225.

(f) "Medically underserved population" means the Medi-Cal program, Healthy Families Program, and uninsured populations.

(g) "Office" means the Office of Statewide Health Planning and Development (OSHPD).

(h) "Physician Volunteer Program" means the Physician Volunteer Registry Program established by the Medical Board of California.

(i) "Practice setting" means either of the following:

(1) A community clinic as defined in subdivision (a) of Section 1204 and subdivision (c) of Section 1206, a clinic owned or operated by a public hospital and health system, or a clinic owned and operated by a hospital that maintains the primary contract with a county government to fulfill the county's role pursuant to Section 17000 of the Welfare and Institutions Code, which is located in a medically underserved area and at least 50 percent of whose patients are from a medically underserved population. (2) A medical practice located in a medically underserved area and at least 50 percent of whose patients are from a medically underserved population.

(j) "Primary specialty" means family practice, internal medicine, pediatrics, or obstetrics/gynecology.

(k) "Program" means the Steven M. Thompson Physician Corps Loan Repayment Program.

(l) "Selection committee" means a minimum three-member committee of the board, that includes a member that was appointed by the Medical Board of California.

124710. (a) (1) It is the intent of the Legislature that funds distributed under this section promote stability for participating clinics, as a part of the state's health care safety net, and at the same time be distributed in a manner that best promotes access to health care to geographically isolated populations.

(2) The department shall grant funds, for a minimum of three years per grant, retroactive to funds appropriated in the Budget Act of 2002 (Chapter 379 of the Statutes of 2002), to eligible, private, nonprofit, community-based primary care clinics for the purpose of establishing and maintaining rural health services and development projects as specified under this article. The department may continue to pay any grantee whose grant expired on June 30, 2003, until June 30, 2004, as if the grant had been extended, provided that funds are appropriated for this purpose in the Budget Act of 2003 and the grantee agrees in writing to expend the money as if the grant had been extended.

(b) In order to be eligible to receive funds under this program, a clinic shall, at a minimum, meet all of the following conditions:

(1) The clinic shall be licensed under paragraph (1) or (2) of subdivision (a) of Section 1204.

~~(2) The clinic shall operate in a "rural" Medical Study Service Area, as defined by the Health Manpower Commission.~~

~~(3)~~ The clinic shall operate in a medically underserved area, including a Health Professional Shortage Area, or serve a medically underserved population, as designated by the United States Department of Health and Human Services, or shall be able to demonstrate that at least 50 percent of its patients are persons with incomes at or below 200 percent of the federal poverty level.

(c) The department shall seek input from stakeholders in designing the methodology for distribution of funds under this section.

(d) If the funds that are available for purposes of this section for any fiscal year are greater than funds that were available for the prior fiscal year, the department shall establish a base funding level that is applicable to all sites funded in the prior fiscal year. To the extent that funds are available, the base funding level shall not be less than seventy-five thousand dollars (\$75,000) for each site. To implement this section, the department shall not be required to reduce funding for clinics that are above the minimum awards.

124765. ~~The California Healthcare Workforce Policy Commission~~ Office of Statewide Health Planning and Development, in coordination with the Rural Health Section of the department, shall designate the geographical rural areas within California where unmet priority need for medical services exists.